

# 2001 ANNUAL REPORT



*on the*  
UNITED STATES  
GOVERNMENT



HOUSE POLICY COMMITTEE  
CHRISTOPHER COX, CHAIRMAN

# Statement of Revenues and Expenses

## Revenues

	Fiscal Year <sup>1</sup>		Percent of Gross 2001
	2000	2001	
Individual income taxes . . . . .	\$ 1,004,461,000,000	\$ 1,032,525,000,000	42%
Social insurance taxes <sup>2</sup> . . . . .	652,852,000,000	693,966,000,000	28%
User fees, earmarked taxes and receipts <sup>3</sup> . . . . .	395,050,000,000	414,830,000,000	17%
Corporation taxes . . . . .	207,288,000,000	151,075,000,000	6%
Excise taxes and customs duties . . . . .	88,779,000,000	85,848,000,000	4%
Miscellaneous receipts . . . . .	42,669,000,000	36,576,000,000	2%
Death taxes <sup>4</sup> . . . . .	29,010,000,000	28,400,000,000	1%

Less: Tax Rebates <sup>5</sup>	—	(38,186,000,000)	
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## Expenses

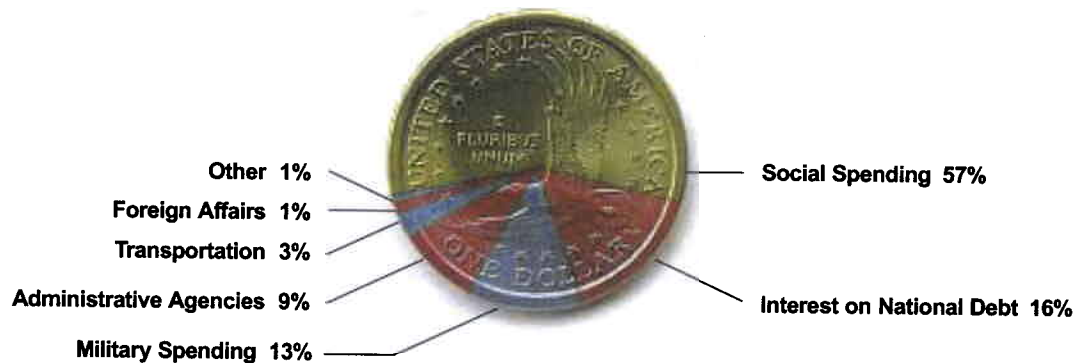
Social spending <sup>6</sup> . . . . .	\$ 1,214,302,000,000	\$ 1,287,695,000,000	57%
Interest on national debt . . . . .	362,118,000,000	359,508,000,000	16%
Military spending . . . . .	279,049,000,000	287,998,000,000	13%
Administrative agencies <sup>7</sup> . . . . .	194,417,000,000	198,808,000,000	9%
Transportation . . . . .	51,140,000,000	57,177,000,000	3%
State and foreign affairs <sup>8</sup> . . . . .	32,618,000,000	31,785,000,000	1%
Environment, fish, wildlife, parks and interior <sup>9</sup> . . . . .	28,432,000,000	30,307,000,000	1%
NASA . . . . .	13,443,000,000	14,094,000,000	*
Judiciary . . . . .	4,134,000,000	4,455,000,000	*
Emergency response to terrorism <sup>10</sup> . . . . .		2,328,000,000	*
Congress . . . . .	2,063,000,000	2,148,000,000	*
The President . . . . .	1,478,000,000	1,564,000,000	*

\* indicates less than 1%

## Notes

1. The U.S. Government fiscal year begins on October 1 and ends on September 30.
2. Includes direct taxes and payroll taxes from individuals and employers for disability insurance, Social Security and other federal retirement programs, hospital insurance taxes, and unemployment insurance taxes.
3. Represents receipts of federal departments and agencies netted from gross outlays in Treasury reports (such as proprietary receipts from the public, receipts from off-budget federal entities, and intrabudgetary transactions) and total undistributed offsetting receipts (including interest received by federal trust funds and royalties on Outer Continental Shelf Lands).
4. Repealed effective January 1, 2010, by Public Law 107-16 signed by President Bush on June 7, 2001.
5. The Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16, provided individual income tax rebates of \$300 per individual, \$500 per head of household, and \$600 per married couple.
6. Includes arts, education, labor, health and human services, low income and public housing, WIC, welfare block grants, food stamps and other agricultural programs, and federal retirement programs (including Social Security).
7. Includes SBA, GSA, DOE, GAO, Commerce, Corporation for Public Broadcasting, District of Columbia, EEOC, Export-Import Bank, FCC, FDIC, FEMA, FTC, Government Printing Office, Justice, Library of Congress, National Archives and Records Administration, National Credit Union Administration, and independent agencies.
8. Includes outlays for Department of State, Peace Corps, OPIC, AID, foreign military sales, and other international assistance programs.
9. Includes EPA, National Park Service, Fish and Wildlife Service, Bureau of Land Management, Forest Service, National Oceanic and Atmospheric Administration, and major environmental programs of federal agencies.
10. Reflects outlays during the fiscal year ended September 30, 2001, for disaster relief and anti-terrorism initiatives authorized by Public Law 107-38 signed by President Bush on September 18, 2001.
11. The excess of Social Security taxes over outlays for Social Security was \$152 billion in 2000 and \$163 billion in 2001. Exclusion of Social Security taxes and benefit payments from revenues and expenses would result in a surplus of \$87 billion in 2000 and a deficit of \$33 billion in 2001.

## Composition of Federal Spending — 2001



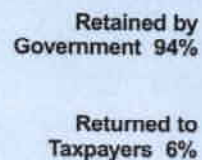
## Sources and Uses of Surplus Tax Revenues

For each year beginning with fiscal 1998, federal tax revenues have exceeded expenses. The cumulative tax surplus during these fiscal periods, prior to rebates, was \$595.9 billion.

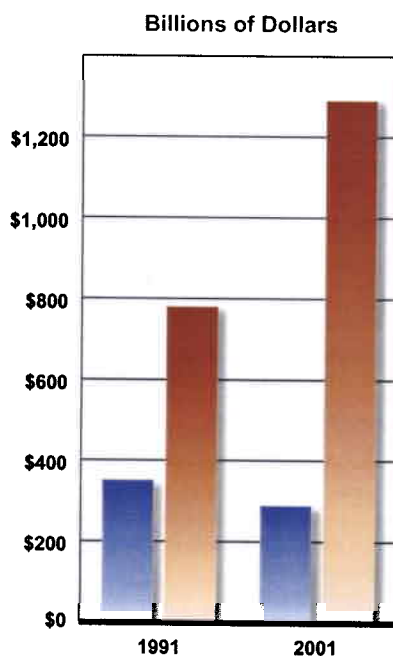
The change from 28 years of deficits (fiscal years 1970-1997) to four consecutive years of surpluses resulted from sustained economic growth that produced record tax revenues. At the same time, the rate of growth in federal government expenses was held below the rate of growth in revenues during the 1998-2001 period.

Of the \$595.9 billion in surpluses, 94% was retained by the federal government and applied to reduction of indebtedness. As a result, federal government debt has been reduced by \$557.7 billion through fiscal year 2001. Pursuant to Public Law 107-16, signed by President Bush on June 7, 2001, the remaining \$38.2 billion, or 6% of the tax surplus, has been returned to taxpayers.

### Application of Tax Surpluses



## Military and Social Spending as a Share of the Budget

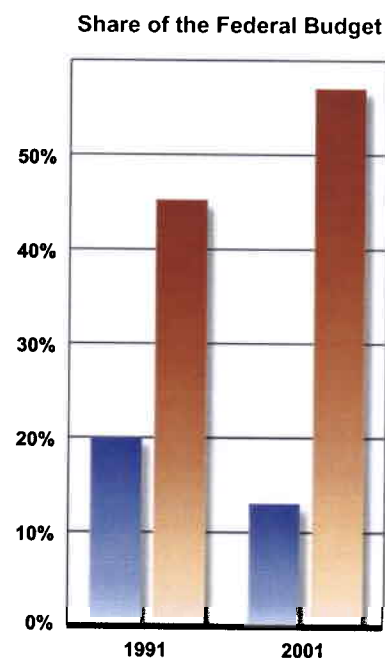


Since the end of the Gulf War in 1991, annual military spending has declined in actual dollars by \$61.8 billion. During the same period, military spending has declined as a share of the budget from 20% to 13%. By contrast, military spending constituted 50% of the federal budget during the administration of President Kennedy.

The decline in military spending has been accompanied by growth in social spending that has exceeded the growth in the U.S. economy. Social spending has also grown as a share of total spending. From 1991 to 2001, spending on social services increased from 45% of the budget to 57%.

Congressional appropriations in response to the attacks on the Pentagon and World Trade Center, which occurred three weeks before the end of fiscal 2001, had only a minimal effect on results. Emergency legislation enacted after September 11, 2001 will be more fully reflected in the results for fiscal 2002.

■ Military ■ Social





January 2002

Dear Taxpayer:

The economic slowdown that began in the third quarter of 2000 was already well underway on September 11. Since then, job losses and a further decline in key sectors of our economy have occasioned higher federal social spending, while dampening federal tax collections.

Nonetheless, fiscal 2001 resulted in the second-highest federal tax surplus in history, and the fourth consecutive year of surpluses in the federal Treasury. These surpluses have been used to pay down over one-half trillion dollars in federal debt.

Today, putting Americans back to work is of vital importance to winning the War on Terrorism. That is why President Bush has called on Congress to pass an Economic Security bill to reduce the tax burdens on job creation.

The sensitivity of the federal budget to the overall health of the economy is just one of the important facts that can be gleaned from this year's Annual Report. Each year since 1989, the House Policy Committee has provided this summary of the federal government's financial operations because, as a taxpayer, you are entitled to it. I hope you find it useful.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim".

Jim DeMint  
Member of Congress